

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE NAVY
AUDITOR GENERAL, DEPARTMENT OF THE AIR FORCE
INSPECTOR GENERAL, NATIONAL SECURITY AGENCY
INSPECTOR GENERAL, DEFENSE INTELLIGENCE AGENCY
INSPECTOR GENERAL, NATIONAL RECONNAISSANCE
OFFICE

SUBJECT: Career Path for Certified Defense Financial Auditors

We appreciate your comments on the draft career path outline for a DoD-wide certification program for financial auditors. We have carefully considered these comments in preparing to implement this program.

Attached is the revised career path outline for Certified Defense Financial Auditors. The attached outlines the goals, objectives, and criteria for the certification program (Attachment A). The career path is structured in three levels or groupings of education, training, and experience standards. Each of the three levels is comprised of a combination of finance and accounting related audit experience as well as formalized classroom training in Federal financial accounting, auditing, or budgeting (Attachment B).

We have also prepared a partial list of recommended courses that could be used to satisfy the formal training requirement for each level of the career path (Attachment C). This is not an exhaustive listing and we will consider additional courses that might satisfy the requirement. The Application for Defense Financial Auditor Certification is at Attachment D. The auditor must complete and sign the application form, and the auditor's first and second level supervisor must concur or non-concur with approval of the application.

We plan to implement this career path certification process at the Inspector General, DoD, on June 30, 1999. The purpose of this memorandum is to offer you the opportunity to implement the career path in your own organization. Accordingly, please advise me whether or not you plan to implement the program. If you plan to do so, please advise me as to the effective date for your organization.

/signed/
Robert J. Lieberman
Assistant Inspector General
For Auditing

Attachments

CERTIFIED DEFENSE FINANCIAL AUDITOR GOALS AND OBJECTIVES

CERTIFICATION GOALS

The goal of the DoDIG is to have its financial statement auditors satisfy the career development education, training and experience requirements outlined in the attachment. Our short-range goal is to have 50 percent of the auditors in the Finance and Accounting Directorate participate in the certification program. Subsequently, it is our goal to keep at least 50 percent of the Finance and Accounting Directorate professional staff at one of the three levels of "Certified Defense Financial Auditor."

CERTIFICATION OBJECTIVES

The objectives of the DoD Certified Defense Financial Auditor Program are to provide better client service by reducing the cycle time for audit reports and to improve the stature and credibility of the audit staff. The career development program for DoD financial auditors will ensure the proper mix of audit experience, formal training, and on-the-job experience. Participation in the program is strictly voluntary.

The program is structured in three levels or groupings of education, training, and experience standards. Specifically, the program is a combination of finance and accounting related audit experience as well as formalized classroom training in Federal financial accounting, auditing, or budgeting. For level II certification, the 4 years total auditing experience and 2 years financial related auditing experience as well as the training requirements would be waived for personnel that are either "Certified Public Accountants" or "Certified Internal Auditors." The section entitled "Career Path for Certification" outlines the career path for the three levels of the career development program.

CERTIFICATION CRITERIA

Three levels of certification have been established. The experience, education, and training outlined in the "Career Path for Certification" must be met in order to obtain the certifications. The intent of the financial auditor program is to provide the broadest training and experience possible in the financial accounting and auditing field. A Needs Assessment Form has been developed to determine:

- interest in the program;
- formal classroom training in financial accounting, budgeting, or auditing already taken by auditors; (see Attachment for a partial list of courses)

- identify desired courses in financial accounting, budgeting, auditing, communications, or leadership and supervisory skills;
- number of candidates at each level of certification.

CERTIFICATION APPLICATION FORM

To obtain the "Certified Defense Financial Auditor" certification, the auditor must complete and sign the Application for Defense Financial Auditor Certification. The auditor's first and second level supervisor must concur or non-concur with approval of the application. The Certifying Official is the Assistant Inspector General for Auditing. The Certifying Official has the final authority to approve or disapprove the application. Reasons must be given for non-concurrences and disapproval. Reasons for non-concurrences or disapprovals can include such factors as the accounting, auditing, or budgeting experience is not adequately described, or the training class does not appear to be an equivalent class. A decision on the application should be made within three weeks of its submission to the Certifying Official. If the supervisor or Certifying Official needs additional documentation, the applicant has three weeks from the date of notification to provide the information. The Certifying Official should establish procedures for the approval process that ensure that the general requirements of the certification program are followed and that the intent of the career development and certification program is met.

GRANDFATHER CLAUSE

There are many highly qualified auditors currently on staff who have conducted finance and accounting related audits for many years. Accordingly, we have established the following alternative criteria to fulfill the certification requirements. Auditors who meet these special criteria can receive the certification. The application of these special criteria is available to auditors with finance and accounting related audit experience who:

1. Have performed finance and accounting audits within the last two years and will continue to perform finance and accounting related audits in the future;
2. Are at least a GS-11 with at least two years of auditing experience; and,
3. Do not otherwise meet the certification requirements.

Anyone applying to fulfill the certification requirements using these special criteria, must provide the required documentation to the Certifying Official within 9 months of the effective date of this operating procedure as established by the Certifying Official.

Level I Certification

For the financial statement and/or related finance and accounting audit experience and the Federal Financial Auditing I or equivalent course, the auditor can substitute 2 years of Federal Government financial statement auditing experience. Describe your specific experience detailing the accounting entity, or line item audited. In addition, please describe your position on the audit team.

Level II Certification

For the financial statement accounting or auditing experience and the formal training requirements, the auditor can substitute 5 years of Federal Government financial statement auditing experience and at least 40 hours of formal classroom training in financial accounting, auditing, or budgeting. Describe your specific experience detailing the accounting entity, or line item audited. In addition, please describe your position on the audit team.

Level III Certification

For the financial statement accounting or auditing experience and the formal training requirements, the auditor can substitute 10 years of Federal Government financial statement auditing experience and at least 80 hours of formal classroom training in financial accounting, auditing, or budgeting. Describe your specific experience detailing the accounting entity, or line item audited. In addition, please describe your position on the audit team.

CHANGES TO THE CERTIFIED DEFENSE FINANCIAL AUDITOR CERTIFICATION PROGRAM

Proposed changes to this program can be made to:

Director, Finance and Accounting
Office of the Assistant Inspector General for Auditing
Department of Defense
Room 814
400 Army Navy Drive
Arlington, Virginia 22202-2884

APPLICATION FOR DEFENSE FINANCIAL AUDITOR CERTIFICATION

Applicant Name: _____

Employer: _____

Job series, grade and title: _____

Special Criteria Request: Yes No (Circle One)

Certification Level Applied For (Circle One): Level I Level II Level III

1. Describe your accounting, auditing, or budgeting experience as it relates to the requirements for Certification as a Defense Financial Auditor (CDFA). If you are applying under the special criteria, describe your applicable training and experience. Be specific, include specific audits, dates, accounting entities, or other relevant assignments. Include dates and organization (i.e. Inspector General, DoD; Army Audit Agency; Naval Audit Service; Air Force Audit Agency; Directorate or major organization).

Mandatory: _____

2. List the training classes, dates, provider and location of financial accounting, auditing, or budgeting courses that meet the training requirements specified in the Certified Defense Financial Auditor development program.

Mandatory: _____

Desired: _____

3. List non-financial accounting, auditing, or budgeting courses that you have completed that satisfies the training requirements specified in the Certified Defense Financial Auditor development program.

Mandatory: _____

Desired: _____

Use additional pages if needed.

Applicant:

Name/Title

Signature

Please mail completed application to:

Director, Finance and Accounting
Office of the Assistant Inspector General for Auditing
Department of Defense
Room 814
400 Army Navy Drive
Arlington, Virginia 22202-2884

DISPOSITION OF CERTIFICATION APPLICATION

First Level Supervisor

Concur

Non-Concur

Name/Title

Signature

Second Level Supervisor

Concur

Non-Concur

Name/Title

Signature

Certifying Official

Approve Level _____ Disapprove

Robert J. Lieberman
Assistant Inspector General
for Auditing

Reason for Non-Concurrence/Disapproval (Initial Remarks)

DEFENSE FINANCIAL AUDITOR CERTIFICATION
COURSE LISTING

LEVEL I

<u>COURSE NUMBER</u>	<u>COURSE TITLE</u>	<u>HOURS</u>	<u>AGENCY</u>
	Introductory Auditor Training	100	IGATI
	Federal Financial Auditing I: An Introduction	16	IGATI
	Consideration of Fraud in Audits of Federal Financial Statements	16	IGATI
	Fundamentals of Information Systems Auditing	40	IGATI
	Auditing in the EDP Environment: A Multiple Perspective	40	IGATI
	Using the Internet as an Audit Tool	16	IGATI
TAUDT700	Assessing Financial Related Activities and Controls	32	USDA
TAUDT728	Assessing the Reliability of Computer- Processed Data	24	USDA
TAUDT809	Audit Evidence and Working Papers	16	USDA
TAUDT702	Basic Governmental Auditing	40	USDA
TAUDT815	Flowcharting for Auditors	16	USDA
TAUDT820	Interviewing Techniques for Auditors	24	USDA
TAUDT778	Introduction to Information Systems Auditing	24	USDA
TAUDT725	Practical Statistical Sampling for Auditors	40	USDA
TAUDT852	Prevention and Detection of Fraud	24	USDA
TAUDT871	Standards for Financial Audits	16	USDA
43DK	Budget Analysis Workshop	32	USDA
43AP	Federal Budget Process	16	USDA
43AM	Federal Cost Accounting Concepts	24	USDA
43AN	Government Standard General Ledger	16	USDA
43DE	Introduction to Federal Budgeting	24	USDA
43DD	Working Capital Funds	24	USDA
5330	Fundamentals of Defense Working Capital Funds	16	MCI
5090	The Federal Budget Process	8	MCI
5106	Budgeting and Accounting: Making the Connection	16	MCI

LEVEL II

<u>COURSE NUMBER</u>	<u>COURSE TITLE</u>	<u>HOURS</u>	<u>AGENCY</u>
	Intermediate Auditing	40	IGATI
	The New Auditor-In-Charge	40	IGATI
	Federal Financial Auditing II:		
	Planning and Performing CFO Act Audits	40	IGATI
	Fraud Auditing: Theory and Application	40	IGATI
	Writing Successful Audit Reports	24	IGATI
	Making Effective Audit Presentations	16	IGATI
	Advanced Audit Tools and Techniques:		
	Practical Applications	24	IGATI
TAUDT894	Audit and Control of Computer Networks	16	USDA
TAUDT842	Audit Resolution and Follow-Up	16	USDA
TAUDT770	Computer Fraud: Prevention and Detection	16	USDA
TAUDT715	Developing and Presenting Audit Findings	16	USDA
TAUDT705	Effective Audit Supervision	32	USDA
TAUDT832	Formulating Audit Objectives and Scope	16	USDA
TAUDT787	Internal Control Reviews in Financial		
	Statement Audit	16	USDA
TAUDT779	Management Accountability and Control	16	USDA
TAUDT811	Negotiation and Conflict Resolution		
	Skills for Auditors	16	USDA
TAUDT703	Planning Audit Assignments: A Value-		
	Added Approach	16	USDA
TAUDT835	Planning, Managing and Reporting for		
	Audit Supervision	24	USDA
TAUDT828	Presentation Skills for Auditor	16	USDA
TAUDT708	Quick Response Auditing	16	USDA
TAUDT822	Sampling Applications in Financial		
	Statement Audits	24	USDA
TAUDT840	Statistical Sampling Using Computer		
	Applications	32	USDA
TAUDT913	Teambuilding the Audit Report	32	USDA
43BM	Budget Execution	32	USDA
43AF	Budget Formulation	32	USDA
43AT	Budget Justification and Presentation	24	USDA
43FA	Federal Accounting Standards	24	USDA
43AU	Federal Appropriations Law	32	USDA
5134	Financial Management of Working		
	Capital (Revolving) Funds	24	MCI

LEVEL II (Cont.)

<u>COURSE NUMBER</u>	<u>COURSE TITLE</u>	<u>HOURS</u>	<u>AGENCY</u>
5111	Appropriations Law Seminar	32	MCI
5051	Federal Financial Management Overview	24	MCI
5118	Budget Formulation	32	MCI
5122	Budget Execution	32	MCI
5115	U.S. Standard General Ledger	16	MCI

LEVEL III

<u>COURSE NUMBER</u>	<u>COURSE TITLE</u>	<u>HOURS</u>	<u>AGENCY</u>
	Federal Financial Auditing III: Advanced CFO Act-related Audit Skills	40	IGATI
	Advanced Audit Tools and Techniques For Audit Managers	16	IGATI
TAUDT760	Coaching and Counseling for Improved Auditor Performance	16	USDA
TAUDT800	Reviewing Audit Reports	16	USDA
TAUDT722	The Governmental Audit: From Planning to Reporting	32	USDA
TAUDT877	Writing Audit Reports by Objectives	24	USDA
TAUDT845	Writing Value-Added Audit Reports	24	USDA
43CD	Federal Appropriations Law Update	8	USDA
5335	Management of Defense Working Capital Funds	16	MCI
5157	Appropriations Law Update	8	MCI
5120	Writing Effective Budget Justifications	16	MCI
5123	PPBS Workshop: The Defense Planning, Programming, and Budgeting System	24	MCI
5890	Capital Programming and Budgeting	16	MCI
5887	Applying Modern Human Resource Techniques in the Audit Environment	24	MCI

**CAREER PATH
FOR CERTIFIED DEFENSE FINANCIAL AUDITOR
(CDFA)
LEVEL I**

Typical Grade	Typical Assignments	Experience	Education	Training
Level I GS-7 THRU 9	Junior Auditor Auditor	1 year auditing experience with one financial statement and/or related finance and accounting audit	<p><u>Mandatory:</u> A four year course of study that meets requirements for a baccalaureate degree, with study that included or was supplemented by 24 semester hours in accounting; or an equivalent combination of experience, college education and training</p> <p><u>Desired:</u> A baccalaureate degree with an accounting major, including at least 24 semester hours in accounting</p> <p>Beginning graduate studies leading to a master's degree in accounting, business administration, management or a related field</p>	<p><u>Mandatory:</u> Federal Financial Auditing I or equivalent course</p> <p>Training to meet the Government Auditing Standards requirements. Organizational Training provided to all auditors for grade level and position such as Basic Audit Training offered by the IG Audit Training Institute or equivalent</p> <p><u>Desired:</u> 40 hours of additional study in Federal financial accounting, budgeting, or auditing related to courses</p>

**CAREER PATH
FOR CERTIFIED DEFENSE FINANCIAL AUDITOR
(CDFA)
LEVEL II**

Typical Grade	Typical Assignments	Experience	Education	Training
Level II GS-11 thru GS-12	Journeyman Auditor	<p><u>Mandatory:</u> 2 years auditing experience; of which 1 year is related to financial statement and/or related finance and accounting audits¹</p> <p><u>Desired:</u> An additional year of financial statement or related finance and accounting audit experience</p>	<p><u>Mandatory:</u> Completion of level I requirements;</p> <p><u>Desired:</u> Completion of 6 semester hours of graduate studies, or the equivalent leading to a degree in accounting, business administration, management or a related field</p> <p><u>Desired:</u> Professional certification (CPA, CMA, CIA, CISA, CGFM)</p>	<p><u>Mandatory:</u> Level I requirements</p> <p>One course, in addition to the Level I course in financial accounting, budgeting, or auditing. Total course time not less than 40 hours</p> <p>Training to meet the Government Auditing Standards requirements. Organizational Training provided to all auditors for grade level, such as Intermediate Audit Training or Advanced Audit Training</p> <p>Training in the DoD Program Planning and Budgeting System (PPBS), or similar course. See training courses</p> <p>Training to enhance team building skills. Training to enhance communication skills. See training courses</p> <p><u>Desired:</u> Additional financial accounting, budgeting, or auditing courses. See training courses</p>

¹For level II certification, the 4 years total auditing experience and 2 years financial related auditing experience as well as the Training Requirements would be waived for personnel that are “Certified Public Accountants” or “Certified Internal Auditors”

**CAREER PATH
FOR CERTIFIED DEFENSE FINANCIAL AUDITOR
(CDFA)
LEVEL III**

Typical Grade	Typical Assignments	Experience	Education	Training
Level III GS-13 and above	Senior Auditor Auditor-in-Charge Audit Project Manager Audit Program Director	<p><u>Mandatory:</u> 4 years auditing experience; of which 2 years are related to financial statement and/or finance and accounting audits</p> <p><u>Desired:</u> An additional year of financial statement or related finance and accounting audit experience</p>	<p><u>Mandatory:</u> Completion of level II requirements</p> <p><u>Desired:</u> Completion of 12 semester hours of graduate studies, or the equivalent leading to a master's degree in accounting, business administration, management or other related field</p> <p><u>Desired:</u> Professional certification (CPA, CMA, CIA, CISA, CGFM)</p>	<p><u>Mandatory:</u> Level II requirements</p> <p>Two courses, in financial accounting or budgeting functions. Total course time not less than 80 hours</p> <p>Training to meet the Government Auditing Standards requirements. Organizational Training provided for all auditors for grade or position including Advanced Audit Training, Supervisory or Management Training (depending on Grade) Report Writing for Supervisors and Managers</p> <p>40 hours of advanced study to enhance leadership/supervisory skills 40 hours of advanced study to enhance communication skills.</p> <p><u>Desired:</u> Additional financial accounting, budgeting, or auditing courses</p>